

1 **Q. Please state your name and business address.**

2 A. My name is Cindy Jackson, and my business address is 527 East Capitol Avenue,
3 Springfield, Illinois.

4
5 **Q. What is your occupation?**

6 A. I am employed in the Office of Consumer Programs within the Consumer Services
7 Division of the Illinois Commerce Commission ("Commission").

8
9 **Q What are your present responsibilities in the Office of Consumer Programs?**

10 A My responsibilities in the Office of Consumer Programs include reviewing
11 applications and testimony from companies requesting certification to provide local
12 exchange telephone service in Illinois. Specifically, I participate in the hearing
13 process to ensure the applicant's compliance with Illinois statutes and Commission
14 rules and regulations. I was also appointed Staff Liaison by the Executive Director
15 under Section 755.400 of 83 Illinois Administrative Code Part 755 on August 1, 1993
16 to the Illinois Telecommunications Access Program ("ITAP"). In that capacity, I
17 oversee activities of the ITAP to ensure that they meet all requirements for the Text
18 Telephone ("TT") distribution and Telecommunications Relay Service ("TRS")
19 programs as required in Section 13-703 of the Public Utilities Act ("PUA"). In
20 addition, I was appointed Staff Liaison by the Executive Director under Section

757.300 of 83 Illinois Administrative Code Part 757 on February 13, 1996 to the Universal Telephone Assistance Program ("UTAP"). As Staff Liaison, I oversee the activities of the UTAP to ensure that they meet all requirements of the Lifeline Program, Link Up Program and the Universal Telephone Service Assistance Program ("UTSAP") as required in Section 13-301 and 13-301.1 of the PUA.

Q. Please describe your occupational experience.

A. I began my employment with the Commission in September 1974, and I have worked in various Divisions within the Commission. Prior to my position as Staff Liaison, I was the 9-1-1 Program Assistant. Some of my duties included: reviewing 9-1-1 applications to ensure that the Commission's rules and the statute were adhered to, making presentations, and reviewing filings.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss how the Bell Atlantic Corporation ("BA") and GTE Corporation ("GTE") proposed merger may impact the quality of service Illinois consumers receive from the reorganized telecommunications carrier. Specifically, I will examine whether the proposed reorganization will diminish GTE's ability to provide "adequate, reliable, efficient, safe and least-cost service" pursuant to section 7-204(b)(1) of the PUA.

I. The Reorganized Carrier's ability to provide adequate, reliable, efficient, safe and least-cost public utility service to Illinois Residential Consumers pursuant to Section 7-204(b)(1) of the PUA.

Q. Has BA/GTE addressed the requirements set forth in Section 7-204(b)(1) of the PUA?

A. Yes. Mr. Weise stated that service quality will not diminish and he anticipates that several benefits of the merger could enhance the merged company's ability to improve service quality. (BA/GTE Exhibit No. 3, p. 9.) The merged company will review the management practices of both companies and select the best practices for organization-wide implementation. (Id.) Additionally, the merged company expects to benefit from the synergies from cost savings at the corporate level. (BA/GTE Exhibit No. 3, pp. 9-10.) Finally, a commitment was made that the merged company will ensure that its operating companies will continue to examine their operations with the intent of improving customer service. (BA/GTE Exhibit No. 3, p. 10.)

Q. Did BA/GTE describe the reasons for the merger?

A. Ms. Bellamy stated that the merger will give BA a better opportunity to become more efficient, expand service offerings and geographic reach. (BA/GTE Exhibit 2.00, p. 8.) The merged company will also be more efficient, reduce overall expenses through greater purchasing power, eliminate duplicative systems,

66 reduce corporate overhead, draw upon the expertise and abilities of personnel
67 from both companies and adopt the “best practices” of each company to improve
68 the quality and efficiency of service. (Id.)

69
70 **Q. GTE and BA have stated that they will utilize the “best practices” of both**
71 **companies. Has either company identified the best practices it will utilize if**
72 **the proposed merger is approved?**

73
74 **A.** No. BA/GTE has not provided an all encompassing list of “best practices”, the
75 Companies have identified some practices that could be interpreted as “best
76 practices.” BA and GTE have formed several “Merger Integration Teams”
77 (“MITs”) for the purpose of integrating the two companies. Part of MITs’ duties
78 include making recommendations regarding the implementation of “best
79 practices” from both companies. (BA/GTE Exhibit 2.00, pp. 8-9.) As an example
80 of “best practices”, BA referenced two of the “best practices” from the
81 BA/NYNEX merger. (BA/GTE Exhibit 2.00, p. 9.)

82 By combining the abilities and “best practices” of the two companies, it is
83 anticipated that the merged company will be better able to both conceive of such
84 improvements and services, and because of the more favorable economics
85 created by the merger in terms of greater efficiency and capital cost savings,
86 better able to deploy the innovations it develops. (Staff Data Request CJ1.02,
87 See Attachment 1.) Examples of services which GTE has developed, but which

88 it has not been able to quickly deploy, which will be able to be deployed as a
89 result of the merger include Cyber-ID, Site Patrol and Universal Messaging, all
90 of which are directed at small business and residential customers. (Id.)
91 Additionally, the union of GTE's internet programs, BA's ownership of patents,
92 and BA's technology and expertise in managing gateways between internet
93 protocol telephony and public switched telephone networks have been labeled
94 by BA/GTE as assets. These could also be viewed as an integration of "best
95 practices". (BA/GTE FCC Joint Reply, p. 10.)

96 Finally, with GTE's experience in serving suburban and rural markets and
97 BA's experience serving the denser and more urban market, both companies
98 have developed different skill sets and approaches to service and operations.
99 While not labeled as such, these could also be interpreted as "best practices".

100
101 Q. **In the SBC/Ameritech merger, Staff had concerns about SBC's "best**
102 **practices" in sales and marketing. Has Staff found any evidence that BA is**
103 **overly aggressive in marketing its vertical services?**

104
105 A. No. In response to Staff Data Request CJ1.16, BA states that its representatives
106 offer products or services on every customer contact when appropriate, but do
107 so only in strict compliance with all legal and regulatory requirements governing
108 when and how such contacts may occur. (See Attachment 2.) Staff has not
109 found any information indicative of BA being overly aggressive in the marketing

of its vertical services to its customers on every customer contact. Additionally, inquiries to the Consumer Service Divisions' of the New York, Pennsylvania and Vermont Public Utility Commissions did not produce any complaints or concerns about BA sales and marketing practices.

A two year review of complaints shows that GTE has received minimal complaints regarding the actions of its customer service representatives, which coincides with the Commission's automated complaint tracking system for 1997 and 1998. (Staff Data Request CJ5.06-Proprietary, See Attachment 3.)

Q. Does Staff find that conditions placed on the on BA/GTE merger will protect customers from harmful "best practices?"

A. Yes. Since the merger integration process is in the very early planning stages and no final determinations have been made regarding BA/GTE "best practices," Staff does not have the ability to make a determination whether or not BA/GTE's "best practices" will benefit Illinois consumers. I recommend that a condition be imposed, if the merger is approved, requiring BA/GTE to submit to the Commission a list of their "best practices," within six months of the consummation of the merger. Additionally, BA/GTE should be required to file an annual report on their "best practices" for five years after the consummation of the merger.

132 **Q. At Page 3 of Ms. Bellamy's testimony, she states that GTE currently has**
133 **offices located in Bloomington, Marion, Sycamore, and Jacksonville. Has**
134 **BA/GTE made a commitment to keep any of GTE's Illinois offices open?**
135

136 **A.** No commitment has been made to keep open or to close any of the GTE offices
137 in Illinois. BA/GTE states that the merger integration process is in the very early
138 planning stages and no final determinations have been made as to whether
139 specific office(s) in Illinois will be closed. (Staff Data Request CJ1.07, See
140 Attachment 4.) BA also stated that the merger between GTE and BA is a merger
141 of equals, that upon the completion of the merger the Board will be comprised of
142 an equal number of representatives from BA and GTE, and that Staff had made
143 an inaccurate assumption that BA would be making the decision on whether any
144 GTE offices in Illinois would be closed. (Id.)
145

146 **Q. In your opinion, would the closing of GTE's offices in Illinois effect the**
147 **efficiency of the GTE operations in Illinois?**
148

149 **A.** Yes. I have concerns about the lack of comment, commitment or guarantee to
150 keep GTE offices open in Illinois. GTE has developed and maintained a hands
151 on working relationship with the Commission Staff. They are regularly in the
152 Springfield office and visit various Staff members to discuss or to receive up to
153 date information on issues and concerns and to hand deliver filings, etc.
154 Additionally, GTE is the second largest telephone company in Illinois, therefore,
155 to have no official presence in Illinois implies a lack of concern about the type of

156 service they provide and the people they serve. In my opinion, it would be
157 detrimental to BA/GTE if Illinois offices were closed and the close working
158 relationship ceased to exist.

159 Additionally, the Bloomington, Marion, Sycamore and Jacksonville offices
160 represent the urban areas currently served by GTE and are strategically located
161 from north to south down the center of Illinois. It would appear to be more cost
162 effective to keep these offices open, rather than having to deploy service
163 technicians, sales people, linemen, etc. to drive from Sycamore to Carbondale or
164 from Marion to Belvidere to provide the needed service(s).

165 Mr. Attwood stated that the merger is not expected to have a material
166 impact on employment levels for GTE hourly workers, and all existing union
167 contracts will be honored. (BA/GTE, Exhibit 1.00, p. 11.) He went on to say that
168 it is expected that some management positions would be eliminated from both
169 GTE and BA and that any consolidation of management positions is expected to
170 be accomplished, to the extent possible, by attrition, retirements and other
171 voluntary measures. (Id.) Additionally, the Communications Workers of America
172 ("CWA") envision that this merger will stimulate the growth of high quality new
173 jobs. (Staff Data Request CJ1.07, See Attachment 4.) However, BA/GTE will
174 not commit to increasing personnel in Illinois in any of its customer service
175 areas. (Staff Data Request CJ1.26, See Attachment 5.) It appears by the

conflicting information provided by BA/GTE, they have not given much thought to the importance of keeping GTE offices open in Illinois.

Q. Do you think that if the Commission imposes a condition requiring GTE to keep the Bloomington, Marion, Sycamore, and Jacksonville offices open, that condition will protect the customers and the utility?

A. Yes. Since the merger is not expected to impact GTE hourly workers, honoring existing union contracts, the CWA's expectations of job growth, GTE's hands on working relationship with the Commission, GTE's status in the state, and the convenient location of GTE offices, obviously indicates that GTE should be planning to keep its Illinois offices open, without the Commission having to mandate their existence. Since no commitment or guarantee has been made, I recommend that the Commission condition the merger to require BA/GTE to keep GTE's offices in Illinois open.

Q. Did Staff review formal consumer complaints filed with the Public Utilities Commissions' against BA in the states where it is currently providing local exchange service?

A. Yes. Staff reviewed formal complaints filed against BA by consumers in 1997 and 1998 and found that 6 BA states had no formal complaints filed, 3 had less than 5, and 3 had less than 15 formal complaints filed. (CJ1.30-Supplemental, See Attachment 6) In reviewing the breakdown of the formal complaints, I did

not see any trends in the type complaints or obvious problems. What I did observe from the complaints was BA's apparent willingness to admit they were wrong, make adjustments or payment arrangements and to work with their customers, other carriers, and the Commissions. I confirmed my observations with Catherine Black, Manager, Consumer Services Division, State of New York Department of Public Service. Ms. Black stated that while the merger of NYNEX and BA was pending in New York, she had many concerns and reservations, however, none of them have come true and she has witnessed many improvements in the services provided by BA .

Q. Did Staff review informal consumer complaints filed with the Public Utilities Commissions' against BA in the states where it is currently providing local exchange service?

A. Yes. I reviewed informal complaints filed against BA by consumers from 1997 and 1998, and I did not find any trends in the type of complaints filed or obvious problems. In comparing the total number of complaints between the two years, 7 states saw a decrease in complaints, 5 states saw an increase (3 states depicted only a slight increase) in complaints and two states did not have complete information. (Staff Data Request CJ1.31 Supplemental, See Attachment 7.) In fact, a report provided to Staff by the Consumer Services Division of the New York Department of Public Service shows that NYNEX experienced a 55%

decrease in complaints, from 10,006 in 1996 to 4,468 in 1997 and BA experienced an 11.9% decrease to 3,920 complaints in 1998.

Q BA/GTE has made a commitment to compete in Chicago within 18 months of the consummation of the merger. Has BA/GTE made any commitments to compete for residential customers, as well as business customers?

A. In response to Staff Data Request CJ1.11, BA clarified its commitment to compete for local service included residential, as well as, business customers in Chicago. However, I am concerned that BA/GTE will focus on gaining entry into the Chicago market by serving high revenue-generating, large corporate customers, to the detriment of residential, small, and medium business customers. I am also concerned that GTE's existing urban and rural customers will only be "maintained" while BA/GTE focus on gaining entry into the Chicago market. While I am happy that another large carrier wants to enter the Chicago market and compete against Ameritech, I do not want the quality of service for GTE's current customers to suffer or just exist. I would like BA/GTE to provide tangible evidence in their rebuttal testimony that they will aggressively compete to provided local service to Illinois' residential, small and medium business customers; that GTE's existing consumers' service will not diminish or merely exist, because of BA/GTE's focus on the demands of entering the Chicago market and serving large corporate customers. Additionally, since several

244 companies have claimed to have tried to enter and compete in the Chicago
245 residential market and failed, what makes BA/GTE different? How does BA/GTE
246 plan to successfully accomplish this goal?

247

248 Q. **Has BA/GTE provided any evidence that it intends to expand, improve or**
249 **enlarge calling areas?**

250

251 A. No. BA/GTE has provided no evidence that it intends to expand, improve or
252 enlarge calling areas for residential customers. (Staff Data Request CJ1.25,
253 See Attachment 8.) Further, BA/GTE makes no commitment that rates would be
254 reduced, calling areas would be improved or expanded, or that the new company
255 would be able to provide additional services not offered by the other
256 telecommunications providers in Illinois.

257

258 Q. **Does BA have research and development facilities that would assist them**
259 **in developing and implementing new services and features?**

260

261 A. No. BA does have a small group of people assigned to perform technical
262 assessments for requirements, rather than research and development. (Staff
263 Data Request CJ1.12, See Attachment 9.) BA funds some research and
264 modeling conducted by BellCore and selected Universities. (Id.) The company
265 maintains several labs, where it tests suppliers' equipment to insure
266 conformance to industry and Bell Atlantic standards, before it is placed into

service. (Id.) BA also provides suppliers with input concerning their requirements for future products and services. (Id.)

Q. Does Staff believe BA and GTE should pass along potential saving benefits to Illinois ratepayers?

A. Yes. Staff Witnesses Price and Hendricks are responding to the potential benefits realized from this merger. I agree with their conclusions that any potential benefits should remain in Illinois to ensure least-cost public utility service to Illinois ratepayers.

A. BA/GTE Reorganization and services to low-income people.

Q. Does BA have a history in providing services to low-income people?

A. Yes. In conducting research for Illinois' Lifeline Program last year, it was brought to Staff's attention that NYNEX had implemented a program in conjunction with social service agencies in New York to automatically enroll eligible recipients into the Lifeline Program. While this program was discussed with the UTAC Board of Directors, the telephone company members of the Board, declined to implement a similar program because of the cost involved. I would like BA to provide information in its rebuttal testimony regarding the

automatic enrollment program and identify any tangible and quantifiable benefits
New York low-income consumers received.

B. BA/GTE Reorganization and services to people with disabilities

Q. Has BA developed a working relationship with disability organizations?

A. Yes. BA has established a working relationship with several disability organizations, including: National Association of the Deaf, Self Help for Hard of Hearing People, Association of Late Deafened Adults, Massachusetts Assistive Technology Partnership, American Council, American Foundation for the Blind, American Council of the Blind, National Organization on Disabilities, World Institute on Disabilities, and the Presidents Committee for Employment of People with Disabilities. (Staff Data Request CJ1.29, See Attachment 10.)

Q. Does BA have a history in providing services to people with disabilities?

A. Yes. BA states that their company is considered an industry leader in promoting and providing services for people with disabilities. (Staff Data Request CJ1.27, See Attachment 11.) A result of implementing “best practices” after the BA/NYNEX merger, BA adopted Universal Design Principles, which include BA’s commitment to:

. produce quality services that can accommodate the broadest range of users, including individuals with disabilities;

310
311 . conduct a review of its existing services to determine which services
312 should be made more accessible;
313
314 . strive to design and develop its services so as to be accessible to a broad
315 range of users;
316
317 . market and provision its services in a manner consistent with the
318 universal design process; and
319
320 . employ the universal design concept Bell Atlantic-wide, in its relationships
321 with customers, employees, shareholders and other stakeholders. (Id.)
322

323 **Q. What other services and features has BA implemented for people with**
324 **disabilities?**

325
326 A. BA has committed to providing products and services that will help customers
327 with disabilities receive access to the same quality of service that all other
328 customers enjoy. (Staff Data Request CJ1.28, See Attachment 12.) BA is in the
329 process of implementing 711 dialing to access to telecommunications relay
330 service. (Id.) BA also provides the following services and features:

331 . a single region-wide toll free TT number for repair;
332
333 . a special TT accessible 800 number that allows TT callers to access
334 recorded consumer information messages (e.g., cramming, slamming,
335 etc.);
336
337 . TT user "locator cards" depicting the locations of all public TT payphones
338 in the New York Metropolitan Transit Authority system;
339
340 . an accessible "Access Ability" web site;
341
342 . distributes accessible equipment;
343
344 . issues Braille or large print bills;

345
346 . Directory Assistance exemptions;
347
348 . Dial Operator privileges;
349
350 . TT calling discounts;
351
352 . TT intercept messages; and
353
354 . a special disabilities section in the White Pages Customer Guide to
355 provide pertinent information about telecommunications to people with
356 disabilities, and key locations of TT payphones. (Id.)
357

358 BA products that aid people with disabilities include:

359 . Talking Caller ID allows blind individuals to use Caller ID;
360
361 . TT-compatible Caller ID/Call Waiting box with flash button that allows
362 deaf individuals to have equivalent of Caller ID service, box flashes when
363 second call comes in and the customer can use a flash hook (not a
364 standard TT feature) to switch between calls; and
365
366 . free directory listing denoting their TT number. (Id.)
367

368 **Q. Has GTE been active in providing services to people with disabilities?**

369
370 A. GTE does not have the array of products and services that BA currently offers it
371 customers with disabilities. GTE provides:

372 . calling discounts to TT users,
373 . operator assistance privileges,
374 . Directory Assistance privileges, and
375 . Braille billing. (Staff Data Request CJ5.09, See Attachment 13.)

376 GTE also offers homebound student services that provide a combined amplifier
377 and speaker-microphone arrangements for use at school and home. (Id.) GTE's
378 Phone Mart Stores sell telephones and amplifiers. (Id.)

379 GTE is a member of the ITAC and a GTE employee is currently a member
380 of the ITAC Board of Directors. ITAC is a not-for-profit corporation formed by
381 Illinois local exchange companies to administer the TT and Telebraille
382 distribution programs and TRS. GTE is actively involved in ITAC and is actively
383 involved in the implementation, development and improvements in ITAC's
384 programs.

385
386 **Q. Do Illinois citizens with disabilities have access to all of the products and**
387 **services offered by BA from Illinois telephone companies?**

388
389 A. No. Despite programs sponsored by the telephone companies, such as
390 providing free TTs and Telebrailles for access to telephone service for qualified
391 persons who are deaf, hard-of-hearing, deaf-blind and speech and speech-sight
392 disabled, Illinois telephone companies still have not taken any affirmative steps
393 to assess the needs of people with disabilities. I have attended meetings with
394 Illinois telephone companies and people with disabilities, who have specifically
395 asked the telephone companies why they do not offer Caller ID, Call Waiting,
396 and intercept messages. The Illinois companies responded that they did not
397 have the capability. The deaf community also has a very keen interest in

398 implementing 711 dialing to access the Illinois relay center. Additionally, since
399 TT payphones are sparse, location identification would be an invaluable asset to
400 the deaf community.

401
402 **Q. Do you think that BA's Universal Design Principles are a good policy?**

403 A. Yes, I do. BA's Universal Design Principles are a good policy and I highly
404 recommend that these policies be implemented in Illinois, if the merger is
405 approved. BA should be commended for their work in trying to provide
406 accessible and equivalent communications to meet all of their customers'
407 needs. However, persons with disabilities in Illinois have always taken an active
408 role and are very outspoken about how different products and services would
409 affect their lifestyles. I do not want to take that independence away from them,
410 therefore, I would like an avenue for Illinois individuals with disabilities to
411 provide BA with input on their specific needs and issues in response to
412 telecommunication accessibility, service, features, and design.

413
414 **Q. Has BA made a commitment to implement its Universal Design Principals**
415 **or any of the service or features listed above, if the merger is approved in**
416 **Illinois?**
417

418 A. No, they have not.

419 **Q. Do you think it is necessary to impose any conditions on BA/GTE, if the**
420 **merger is approved, for providing accessible communications to people**
421 **with disabilities?**

422
423 A. Yes. Since BA has not made a commitment to implement its Universal Design
424 Principals or any of the services or features that it provides people with
425 disabilities in other states. I recommend that the Commission condition the
426 merger, if approved, to require GTE to implement BA's Universal Design
427 Principals in Illinois and all of the services and features listed above.
428 Additionally, I would like that condition to require BA/GTE to form a Disabilities
429 Advisory Council, made up of Illinois citizens encompassing all types of
430 disabilities, to provide BA/GTE with input on specific needs and issues in
431 response to telecommunication accessibility, service, features, and design.
432 BA/GTE should be required to have this Advisory Council formed within 6
433 months of the consummation of the merger and should provide the Commission
434 with an annual report on their goals and accomplishments for the next 5 years.

435
436 **III. Recommendations/Conclusion**

437 **Q. In your opinion, has BA met the requirements of Section 7-204(b)(1) to**
438 **provide adequate, reliable, efficient and safe service?**

439
440 A. Yes. In response to the issues that I have investigated, and if BA/GTE agrees to
441 meet the conditions that I have outlined in my testimony. However, Staff
442 Witness McClerren is also investigating service quality issues and will be

443 making his own recommendation independent of mine. With GTE's experience
444 in serving suburban and rural markets and BA's experience serving the denser
445 and more urban market, both companies have developed different skill sets and
446 approaches to service and operations.

447 The favorable comments received from inquiries to the Consumer Service
448 Divisions' of the New York, Pennsylvania and Vermont Public Utility
449 Commissions regarding BA sales and marketing practices, the overwhelming
450 decrease in consumers' complaints in New York, the products and services
451 provided to customers with disabilities, BA working relationships with disability
452 organizations concludes that BA has the ability provide adequate, efficient and
453 safe service.

454
455 **Q. If the Commission concludes that the proposed merger should be**
456 **approved, are there any conditions that you would impose on BA/GTE?**
457

458 A. Yes. I have discussed my recommended conditions in the body of my testimony,
459 but will list them again. The conditions that I am proposing in my direct
460 testimony are:

- 461 (1) BA/GTE shall be required submit to the Commission a list of their "best
462 practices", within six months of the consummation of the merger.
463 Additionally, BA/GTE should be required to file an annual report on their
464 "best practices" for the next five years.
465
466 (2) BA/GTE shall be required to keep the Bloomington, Sycamore,
467 Jacksonville and Marion, Illinois offices open.

- 468
469 (3) GTE shall be required to implement BA's Universal Design Principals in
470 Illinois. BA/GTE shall be required to form a Disabilities Advisory Council,
471 made up of Illinois citizens encompassing all types of disabilities, to
472 provide them with input on specific needs and issues in response to
473 telecommunication accessibility, service, features, and design. BA/GTE
474 shall also be required to form the Advisory Council within 6 months of the
475 consummation of the merger and shall provide the Commission with an
476 annual report on their goals and accomplishments for the next 5 years.
477

478 In response to the additional information that I have requested BA/GTE to
479 provide and any new information that might be revealed by BA/GTE or
480 intervenors, I reserve the right to incorporate additional condition(s) into my
481 rebuttal testimony.
482

483 **Q. Does this conclude your testimony?**

484 **A.** Yes, it does.
485